

Workforce News



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Mountainland: Summit, Utah, Wasatch

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Impact of the Recession on Manufacturing



Inside:

- **Summit:** Job losses continue
- **Utah:** Unemployment increases
- **Wasatch:** Recession still affecting economy



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In the Mountainland counties (Utah, Summit, and Wasatch), the labor market has suffered as a result of the national and Utah recessions that began after December 2007. At first, the recession was felt primarily in housing construction and related industries as the housing bubble popped. Then after September 2008, as a result of the national financial

crises, job losses increased dramatically across almost all industries, as credit was unavailable for a time and very tight for several months thereafter.

Just a few years ago the economy was very different. From 2005 through 2007 job gains were the order of the day. Economic growth,

(continued)

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Impact on Manufacturing (continued)

Manufacturing Jobs in Mountainland Counties: January 2004 to December 2009



Source: Utah Department of Workforce Services.

very low unemployment, and ample job opportunities characterized the regional economy.

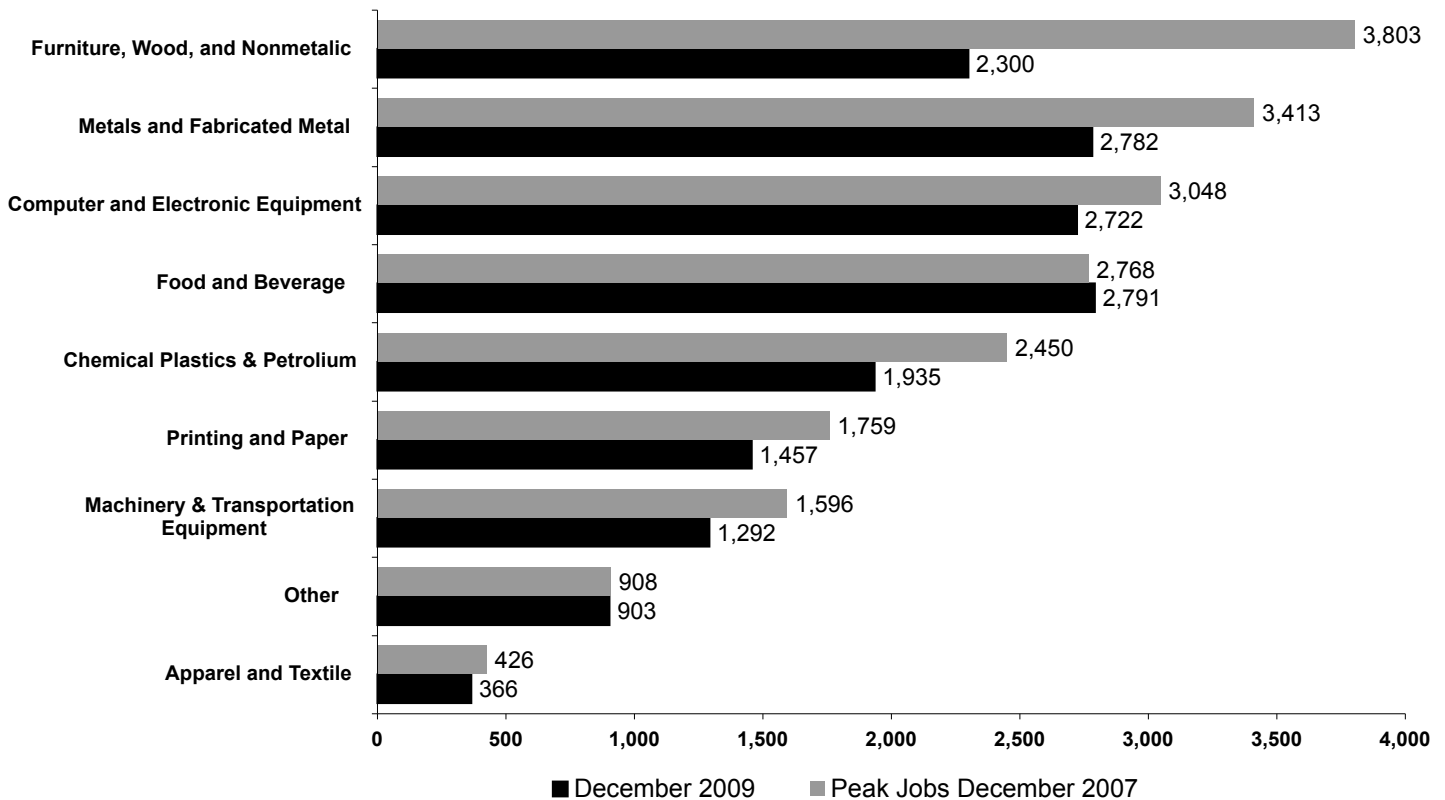
Next to construction, employment in the manufacturing sector has been most significantly impacted during these difficult economic times (see graph). For Mountainland counties, jobs in manufacturing peaked in December 2007, at 20,171 when the last economic expansion in

Utah (and the nation) ended. At first, employment losses were gradual—through about July 2008, then picking up and dropping quite dramatically since October 2008 through September 2009. The December 2009 employment counts are the most recent available from nonfarm payroll employer reports when this article was written. In the last three months of 2009, manufacturing jobs were just above 16,500.

(continued)

Impact on Manufacturing (continued)

Manufacturing Jobs by Category for Mountainland Counties: December 2007 to December 2009 Comparison



Source: Utah Department of Workforce Services.

In the second graph, manufacturing employment is divided in nine categories, which show the employment levels just before the recession officially began in December 2007, compared to the levels recorded in December 2009. Manufacturing employment over these two years lost a total of 3,623 jobs, or a reduction of 18 percent. Furniture, wood, and nonmetallic mineral production—manufacturing areas most

closely associated with housing and other construction—fell by 1,503 jobs, a loss of 39.5 percent.

Current employment estimates for the Provo-Orem metropolitan area indicate that the number of jobs in manufacturing have continued to decline during the first quarter of 2010. It seems that we may not have quite reached a floor in terms of job loss in the manufacturing industries, even as the overall labor market should see some modest improvement during the remainder of this year. **WFN**

What's Up?

"During the first quarter of 2010, nearly twice as many properties, worth more than double the dollar volume, were sold during the first quarter of 2009. It wasn't hard to surpass the dismal figures from early 2009, but selling 325 units worth \$303 million would have been a respectable quarter not too many years ago. These increases were true for all property types, according to the first quarter report from the **Park City Board of Realtors**. In the Park City area, home sales prices for the year to March 31, 2010 were down about 20 to 30 percent from a year ago."

—*Park Record*

"As a massive project to pipe the **Murdock Canal** gets underway, officials are lauding the work as a boon to the local economy. Pleasant Grove-based Northwest Pipe Company has been awarded a \$60-million contract to supply the pipe to enclose the Murdock Canal. Northwest anticipates that it will employ about 65 people to manufacture the pipe at its facility in Pleasant Grove, according to project spokeswoman, Amy Steinbrech. The state's economists say it is estimated that for each 10 jobs created during construction, an estimated 12 additional jobs will follow in support industries, such as suppliers, food and service providers, Steinbrech said. All told, the piping effort will bring 400 jobs and \$235 million to the local economy over the next 30 months, officials said."

—*Daily Herald*

For more info:

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When there, select which county you want to view, then find the *Demographic and Economic Profile* under Publications in the right-hand column.

"Utah County commissioners selected Okland Construction Co. to build a \$38-million **convention center in downtown Provo**. The project is scheduled to be completed by February 20, 2012. In the next two months, crews will begin demolition of 200 West between Center and 100 North, near the Provo Marriott, then begin construction of the three-story, 120,000-square-foot building in late August or early September, said Commissioner Steve White. In January, the county issued \$40.15-million in bonds to pay for the convention center, including tax-exempt bonds, Build America Bonds and recovery zone bonds, said Bryan Thomson, Utah County clerk/auditor. The bonds will be paid back over the next 30 years with Tourism, Recreation, Cultural and Convention Tax revenue."

—*Deseret News*

"It's official—**Interstate 15 CORE** reconstruction began on May 6 on the S-curve between the Orem University Parkway and Provo Center Street freeway exchanges. The first segment in the Utah Department of Transportation's \$1.725 billion freeway widening project, the five-month S-curve work will restructure elements of the freeway to facilitate greater traffic mobility during the duration of the project, said Heather Barnum, spokeswoman for the UDOT I-15 CORE project. When completed in two phases by December of 2012, the I-15 rebuild will add two lanes in each direction of the 24 miles from Lehi Main Street to Spanish Fork. The High Occupancy Vehicle lane, or express lane, will be extended to run from U.S. Highway 6 in Spanish Fork all the way to the 2300 North exchange in Salt Lake City, she said."

—*Daily Herald*

County News

Now that the preliminary jobs count data for the entire year is in, 2009 is confirmed as the worst year for the labor market since the end of World War II. The 2008/2009 “great recession” has been acutely felt in the Mountainland counties of Summit, Utah, and Wasatch.

Utah County:

In 2009, the average annual number of payroll jobs decreased by 9,432 to 175,418—or 5.1 percent. In 2008, the average number of jobs was 184,849 or 1,197—lower than in the previous year.

The robust economic expansion of 2005 and 2006 gradually slowed during 2007, and through the first half of 2008. Year-over job losses began in May 2008, peaking in June 2009 at an unprecedented rate of -6.0 percent. There were about 11,100 fewer jobs in June 2009 than the previous year.

The level of unemployment has increased from a very low annual average rate of 2.5 percent in 2007 to average 5.3 percent in 2009. By December of 2009, the seasonally adjusted unemployment rate had increased to 6.2 percent in Utah County. There were an estimated 14,643 residents unemployed in December 2009 compared to the average of 5,672 in 2007.

Summit County:

Overall in 2009, the average annual number of payroll jobs decreased by 1,905 to 20,783, or 8.4 percent. In 2008, the average number of jobs was 22,688 or 791 higher than in the previous year. Year-over job losses did not begin until November 2008, peaking in June 2009 at -11.1 percent. There were about 2,322 fewer jobs in June 2009 than in June 2008.

The level of unemployment has increased from an annual average rate of 2.6 percent in 2007 to average 6.4 percent in 2009. By December of 2009 the seasonally adjusted unemployment rate had increased to 6.8 percent in Summit County. There were an estimated 1,471 residents unemployed in December 2009 compared to an average 568 in 2007.

Wasatch County:

In 2009, the average annual number of payroll jobs decreased by 672 to 5,890, a decline of 10.2 percent. In 2008, the average number of jobs was 6,562, or 543 lower than in the previous year. It should be noted that over 400 of the 2008 job losses are due to an error. A relatively large retail trade employer was erroneously geo-coded to Wasatch County the year before and moved to the correct county in 2008.

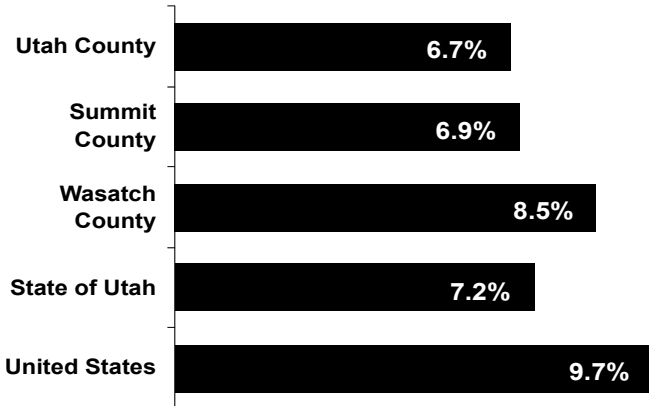
Year-over job losses in Wasatch County peaked in July 2009, at 12.5 percent. There were about 809 fewer jobs in July 2009 than in July 2008.

The level of unemployment increased from an annual average rate of 2.7 percent in 2007 to average 7.6 percent in 2009. By December of 2009, the seasonally adjusted unemployment rate had increased to 8.3 percent. There were an estimated 812 residents unemployed in December 2009, compared to an average 286 in 2007.

Mountainland 2010

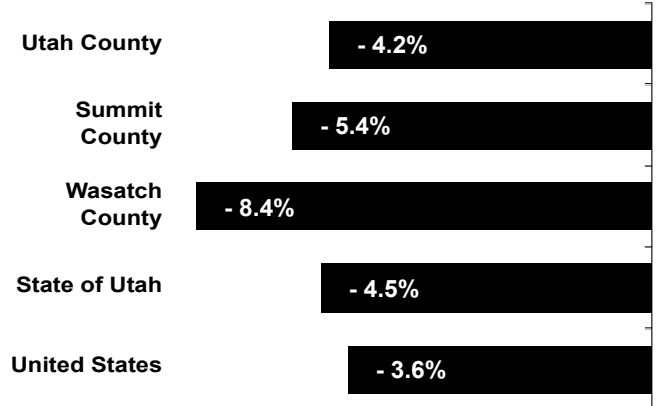
During the first four months of 2010 the job market and economic conditions seem to be, stabilizing in the Mountainland counties and across metro Utah, as most major industrial sectors are not shedding jobs as in 2009. Modest improvement in the jobs picture is likely through the end of 2010. **WFN**

**Seasonally Adjusted Unemployment Rates
March 2010**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

**Percent Change in Nonfarm Jobs
December 2008 to December 2009**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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